

**CITY OF DELTONA, FLORIDA  
FIREFIGHTER'S PENSION BOARD OF TRUSTEES MEETING  
TUESDAY, APRIL 21, 2015**

A Regular Meeting of the Firefighter's Pension Board of Trustees was held on Tuesday, April 21, 2015 in the 2<sup>nd</sup> Floor Conference Room at 2345 Providence Blvd., Deltona, Florida.

**1. CALL TO ORDER:**

The April 21, 2015 Firefighters' Pension Board of Trustees Meeting was called to order at 3:16 p.m. by Chairman Koczan who stated there was no quorum however the Board expects that Mr. Gizzi is in route and we have guests that will be making presentations so the Board will proceed in a public forum. Mr. Christiansen stated the Board cannot take any action but can hear the public input because the meeting was noticed. He stated the public and you are here so there is no problem with violating the Sunshine Law.

**2. ROLL CALL:**

Chairman	James Koczan	Present
Secretary	Kurt Vroman	Absent (excused)
Board Member	Janet Deyette	Present
Board Member	Gene Gizzi	Present (arrived at 3:47pm)
Vacant		
Plan Administrator	Lisa Spriggs	Present
Plan Attorney	Scott Christiansen	Present

Also present: Dave West, The Bogdahn Group, Leridon Gila, Sawgrass Asset Mgmt., Gregg Gosch, Sawgrass Asset Mgmt., Chris Nabicht, Plan Member, Chris Sievert, Plan Member, Christine Gallagher, Plan Member and Susan Helberg, Deltona Finance Department.

**4. PRESENTATIONS:**

Sawgrass Asset Management, LLC presentation was added to the agenda.

Mr. Gregg Gosch the Institutional Plan Services Manager introduced himself and Mr. Leridon Gila who is one of the plan's Senior Portfolio Managers on the team. He stated Sawgrass has been working with the plan for over four (4) years and gave an update on the firm. He stated Sawgrass is 100% employee owned and has been since inception and only answer to themselves and their clients, there is no outside influence in terms of ownership and they are in charge of what they are doing. He stated they have clients in 22 states with a strong presence in Florida and this is the 18<sup>th</sup> year their team has been together with an average of 25 years of experience. He stated Sawgrass just surpassed \$4 billion in assets but disclosed they had slipped back to \$3.96 billion last week at the time of the report printing. He turned over the rest of the presentation to Mr. Gila the Fixed Income Manager who went over the plan's portfolio performance, strategy and outlook going forward. He went over two (2) major themes going on in the Bond Market; Domestic Strength versus Global Weakness explaining the positives and negatives occurring in each. He went over the plan's performance reporting a 1.5% return for the Quarter, 5.2% for the year, 3.1% on an annualized basis for the past three (3) years and 3.3% since inception. He reported a portfolio market value of \$4,570,576. He gave a performance summary, an activity summary, went over the charts included in the report, spoke about added diversification and went over the list of portfolio holdings. He spoke about where we are going forward and went over the monetary policy. He concluded the presentation with discussion about future risk analysis stating Sawgrass needs to be conservative at this time.

Mr. Gizzi arrived at 3:47 p.m. and there is a quorum.

**3. APPROVAL OF MINUTES & AGENDA:**

**A. Adoption of the Minutes – February 17, 2015:**

Chairman Koczan asked if there were any additions or corrections to the minutes for the February 17, 2015 and there were none.

**Motion was made by Mr. Gizzi, seconded by Ms. Deyette to approve the minutes from the February 17, 2015 Meeting as published.**

**Motion carried with members present voting unanimously.**

**B. Additions or Deletions to Agenda:**

Ms. Spriggs had previously asked to add the Sawgrass Asset Management, LLC presentation to the agenda under Presentations and the presentation was completed.

Chairman Koczan asked to table Item 7C until the July 2015 Meeting when the Plan Attorney is present and there is a full Board.

**Motion was made by Mr. Gizzi, seconded by Ms. Deyette to table 7C.**

**Motion carried with members present voting unanimously.**

**5. MEMBER/PUBLIC COMMENTS:**

Christine Gallagher stated she needed to meet with Chairman Koczan and Ms. Spriggs because she had questions regarding the numbers on the actuarial reports she received when she entered the DROP program. She stated she compared the two (2) and the numbers do not match so she is asking for someone to explain the numbers. After discussion it was decided that Ms. Gallagher would get with Ms. Spriggs and Ms. Helberg after the meeting time permitting.

**6. APPROVAL OF EXPENDITURES:**

**A. Consent Approval of Listing:**

Ms. Spriggs stated there is a list of invoices totaling \$25,342.83 for review and approval by the Board.

**Motion was made by Ms. Deyette, seconded by Mr. Gizzi to approve the list of invoices in the amount of \$25,342.83 for payment as presented.**

**Motion carried with members present voting unanimously.**

**B. Other submissions.**

- 1) Ms. Spriggs read into the record that Bert Brown retired effective March 1, 2015 and the paperwork reflects the approvals sent to Salem to execute his first monthly benefit payment on May 1, 2015 with retro from March and April. She stated this is a normal retirement with 26.13 years of credited service effective March 1<sup>st</sup> and his monthly retirement begins March 1<sup>st</sup>. He elected a normal retirement with the Social Security option until age 63 in the amount of \$5,604.55 to age 63 and the \$4,975.44 once he reaches retirement. He qualifies for the COLA in three (3) years plus the retirement subsidy of \$250.00 which is calculated on 25 years of service at \$10.00 per year for a total monthly benefit of \$5,854.55. She stated these provisions are included in the special notes and does include the new plan provisions and actions.
- 2) Ms. Spriggs read into the record that Robert Rogers entered DROP effective February 1, 2015 with a normal retirement beginning May 1, 2015; the DROP amount is \$17,632.65 and he has

1 directed that to be rolled over into an IRA. She stated this is a normal retirement with 27.26 years  
2 of credited service effective February 1, 2015 which was the DROP entry date with monthly  
3 payments to start May 1, 2015. She stated he took the normal retirement option at 100% in the  
4 amount of \$5,790.69 and he qualifies for a COLA in three (3) years plus a retirement subsidy of  
5 \$250.00 for the 25 years of service for a total monthly benefit amount of \$6,040.69.  
6

7 **Motion was made by Mr. Gizzi, seconded by Ms. Deyette to approve the retirement benefit**  
8 **distribution statements for Bert Brown and Robert Rogers as presented.**  
9

10 **Motion carried with members present voting unanimously.**  
11

- 12 3) Ms. Spriggs provided the Retirement Schedule and went over the schedule that reflects all of the  
13 changes that were effective February 1<sup>st</sup> for retirees that were in the system on February 1<sup>st</sup> and if  
14 you look at the column that is labeled COLA you can see those employees that are marked  
15 February 1, 2015 are the ones that are receiving the COLA adjustment to their benefit as of  
16 February 1<sup>st</sup>; the letter A denotes those who were not entitled to the COLA benefit based on the  
17 parameters that were set in the ordinance which was at least 21 years of credited service and the  
18 date that is not February 1<sup>st</sup> is the date that they will obtain the three (3) years in retirement or the  
19 attainment of 52 years of age. She stated the COLA adjustment is 2.35% and the retirement  
20 subsidy is \$10.00 per year effective February 1, 2015 and these amounts will be reflected in full  
21 on May 1<sup>st</sup> and at that time all monthly benefit amounts should be normal.  
22

23 Mr. Gizzi asked if Salem generates these numbers and Ms. Spriggs replied the amounts are generated by  
24 her and then provided to Salem for distribution and because it was an ordinance change the amounts were  
25 adjusted and any adjustments are executed with her signature along with the Chairman's signature.  
26

27 **Motion was made by Mr. Gizzi, seconded by Ms. Deyette to approve the retirement schedule that**  
28 **makes the adjustments.**  
29

30 Mr. Gizzi asked if the Board was making the effort to educate the members on the joint pensioner  
31 survivorship and being proactive in educating the members in choosing a survivor benefit. Mr.  
32 Christiansen stated the member receives a form that describes each of the options and the member should  
33 be encouraged to seek out their own financial advisor to make that decision because it is an important  
34 decision and once you choose an option you cannot change it. Mr. Gizzi asked what additional steps are  
35 taken by the Board of Trustees to make sure the effort is there and what could be done as a Board to be  
36 proactive in making sure the retiree seeks the advice of a financial professional. Mr. Christiansen  
37 explained the options are there in the Summary Plan Description and they are on the form the retiree is  
38 given that includes all the numbers associated with each option when they get ready to retire. He stated  
39 the Board has to be careful not to take on more liability or more responsibility for example if you spend  
40 time with one retiree explaining each option but not with another you can set the plan up for liability  
41 down the road. Ms. Spriggs stated from a practice standpoint she gives the member the form, tells them if  
42 they have any questions to let her know and if they do she goes over the options in a factual point of view  
43 for example; Mr. Brown chose the Social Security option that does not have a joint pensioner and she just  
44 made sure he understood that. She added she does make sure they take time to make a decision. Mr.  
45 Christiansen pointed out that you cannot let them go past the 30 days after they are retired without  
46 selecting an option because if they die then they are deemed to have taken the tenure certain life benefit  
47 and that may not be what they want. He added they should make their selection before they retire so there  
48 will not be any retroactive. Ms. Spriggs stated typically what happens is they fill out the paperwork, we  
49 get it in, we get the actuarial and you do not have that much time especially now with everyone entering  
50 DROP.  
51

1 Mr. Nabicht commented they can make their selection and that card can be filled out even before they  
2 retire and be kept on file. Ms. Spriggs replied that she has had people do that.

3  
4 Mr. Gizzi asked if the members get annual statements and Mr. Christiansen replied they get a statement  
5 with an estimate of their pension benefits. After further discussion Chairman Koczan stated it is up to the  
6 recipient to determine what is best for that individual and their personal finances; there is a degree of  
7 personal responsibility and we are not in the business of giving financial advice. Ms. Spriggs stated she  
8 will forward a packet of the updated forms to Mr. Gizzi for his information and she reiterated that the  
9 options are clearly defined and it clearly tells them what happens upon choosing the Social Security  
10 option upon death. She stated it is clear when they check the box, then write in the initial amount they are  
11 getting and then writing in the amount they are going to get at the next age so that they are certifying the  
12 amount and then getting it notarized. She stated they have to do the same for the joint survivor option by  
13 writing down the percentage and the amount. Chairman Koczan asked if the spouse was required to sign  
14 off and Mr. Christiansen replied there is not a requirement in governmental plans. Mr. Gizzi asked if the  
15 Board has the liberty of providing that and Mr. Christiansen replied he did not recommend that because it  
16 is the member's option.

17  
18 Chairman Koczan called for a vote on the motion.

19  
20 **Motion carried with members present voting unanimously.**

21  
22 **7. BUSINESS:**

23  
24 **A. Investment Performance Report:**

25  
26 Mr. West gave a brief report on the investment performance stating that the news is very good and there is a  
27 very positive cash flow. He reminded the Board this is a preliminary report as the full numbers have not  
28 populated; he will rerun the report once they do. He stated the total fund was up 2.64% with a fiscal year to  
29 date of 5.36% so the plan is well on its way to the actuarial required 8% rate of return and year over year the  
30 plan is at 8.89%. He stated Dana Investments performed well beating their benchmark and for year to date  
31 they are at 12.83%; Manning & Napier had a nice quarter however they are still lagging and he will continue  
32 to watch them; the S&P Index was in line up to 5.92% year to date; the International Equity Composite and  
33 the Euro Pacific Fund were both up to 4.24% year to date; Sawgrass is a little behind; Vanguard Index Fund  
34 was up 1.44%; PIMCO Diversified Income had a strong quarter at 3.36% but is still a little behind. He stated  
35 while he is on PIMCO he gave an update that PIMCO was still on watch however he recommended staying  
36 with the non-Bill Gross managed funds; he is watching personnel and they are up with the number of former  
37 PIMCO personnel who elected to return to PIMCO after Mr. Gross left and the money out-flow has subsided.  
38 He stated at this time he was comfortable enough to have a conference call with the most senior management  
39 at PIMCO and was comfortable with the plan that was executed so they are officially taking them off the  
40 watch list. Templeton had a good quarter and is performing well and lastly ASB the real Estate Fund was up  
41 2.9% with a year to date of 6.65% and year over year it has given the plan 13.68%. He stated the cash flow  
42 began the quarter with \$21,852,249 and ended with \$22,305,230. He stated the earnings for fiscal year to date  
43 were \$299,830 in income and \$833,868 in appreciation for a little over \$1.1 million net of fees going into the  
44 plan in earnings. Chairman Koczan asked Mr. West if the overall amount of what the plan is earning  
45 compared to the amount the plan is expending a fair balance and Mr. West replied one of the great benefits  
46 this plan has is it is a younger plan so it is very cash flow positive; the average Florida system for comparison  
47 is reasonably seasoned where the plans are largely cash flow positive by a significant amount but nowhere  
48 near this plan. Chairman Koczan asked if the plan is on a path for stability for the long term and Mr. West  
49 replied "yes", absolutely. Mr. West stated looking at the last actuarial report and the smoothing he reminded  
50 the Board that the plan has made gains that have not been realized which means the current trajectory is  
51 positive and there are more gains to be pulled from the shelf. He stated the investments continue to contribute  
52 better than expected more recently which is helping the plan to continue in the positive. He stated with the

1 new GASB requirements for reporting funded ratios the City will have to report the plan's funded ratio based  
2 on market value of assets so all of the gains will be immediately recognized with improvement in the funded  
3 ratio that is somewhere around 90% to 95%. He concluded his report.  
4

5 **B. Summary Plan Description:**  
6

7 Mr. Christiansen stated the Summary Plan Description is required to be updated every two (2) years, be  
8 published and be distributed to the members. He stated all the changes including the benefit changes have  
9 been included and he identified the things that are different from the last Summary. It was determined that  
10 copies had not been distributed so copies were made and distributed. Mr. Gizzi asked if the Summary Plan  
11 Description is done by statute and Mr. Christiansen replied there is a specific section in the Chapter 175 plans  
12 that requires the Summary Plan Description and specifically indicates the things that have to be included. He  
13 stated while we wait for the copies to be made he will go over the rest of his report.  
14

15 Mr. Christiansen reminded everyone that the Form 1 Financial Disclosure Form is due July 1<sup>st</sup> and Mr.  
16 Maples has to file a Form 1F. Chairman Koczan asked that Mr. Maples be contacted to remind him. Mr.  
17 Christiansen stated the new trustee will need to file the form within 30 days of coming on the Board. He  
18 stated he had also sent over a Memo and a Pension Form #1 that is a written request for confidentiality of  
19 certain exempt personal information pertaining to all firefighters of the City that must be filled out by the  
20 person or the City to maintain that confidentiality. He stated the plan has had this form in the packet for a  
21 long time and may have been done already and if so, he needs a copy. He asked that if the form had not been  
22 executed by someone at the City; that it needs to be done to fill in a loophole in the State Statute. Ms. Spriggs  
23 stated she believes we have a form that has been signed but she will follow up. Mr. Christiansen stated the  
24 next item is regarding John Morgan's disability and he is waiting for one (1) more set of doctor's records and  
25 once those are received we will be in position to either do an independent evaluation or we could have the  
26 hearing before having an independent evaluation. He stated we are permitted as a pension board to determine  
27 that we feel it is prudent not to do an independent medical evaluation if we have a certain set of  
28 circumstances and there is a set of records that will support the granting of the disability. He stated you have a  
29 clear case and it does not make any sense to send Mr. Morgan for another exam because he has some serious  
30 cognitive problems and disabling physical issues as well. He suggested the Board have a hearing with the  
31 records that have already been collected so we can say "yes" we have enough here and we do not need to do  
32 another medical evaluation. He stated however, if after reviewing the records the Board feels this is not clear  
33 enough the Board can ask for another evaluation. He stated at this point based on what he has read in these  
34 records he thinks the Board will be convinced the individual is disabled. He stated if the Board is comfortable  
35 with that he is recommending that it would be prudent to move forward. He stated once we receive  
36 everything in his office we have 90 days to have the initial hearing according to the operating rules but the  
37 Board can extend that processing time another 90 days. He stated the first 90 days is up April 27<sup>th</sup> and  
38 obviously we will not be able to have a hearing before that date. He asked the Board to make a motion to  
39 extend the time for another 90 days and the Board will have a special meeting on this before those 90 days  
40 are up.  
41

42 **Motion made by Mr. Gizzi, seconded by Ms. Deyette to approve the extending of the processing time**  
43 **on John Morgan's disability hearing for another 90 days.**  
44

45 **Motion carried with members present voting unanimously.**  
46

47 Mr. Christiansen stated he is still looking at some legislation that we have discussed before and there is a bill  
48 in both the House and the Senate that is similar to the bills last year and it may happen. He stated the  
49 legislation would provide that if the Union and the City must agree on how the State money will be used then  
50 it can be used in that fashion but if they cannot agree then the legislation has a convoluted methodology for  
51 breaking that money down to fund the current defined benefit plan by paying for minimum benefits or  
52 additional benefits with the remainder going into a to be created plan such as a defined benefit component or

1 share plan. He stated he is keeping an eye on it and will update the Board if anything changes or there is  
2 anything that needs to be done to comply. He stated another piece of legislation is Bill 1279 that deals with  
3 Board operations that says the 5<sup>th</sup> member would have to be independent from the plan; they could not be  
4 either a member or a retiree of the plan. He stated the bill also provides that the Board would have to do a  
5 budget that would have to be approved by the Board and then be distributed to the Board, the City and the  
6 membership. He stated another issue has to do with Plan Administrators that originally would require the  
7 administrator be a CPA or have a degree in Finance and now it is a college degree or three (3) years'  
8 experience. He reminded everyone that all this is subject to change by the end of the session. He stated the  
9 last item deals with Salem Trust Company being a victim of fraud in one of their funds that our plan had no  
10 exposure to. He explained that some bogus bonds were bought in the amount of about \$180 million that was  
11 in a money market account to which Salem was a trustee; the person that defrauded them is in jail and Salem  
12 is in the process of collecting all his assets and have already recouped about \$120 million. He stated our plan  
13 had no direct exposure but Salem wanted everyone to know what happened from them and not from the  
14 street. Mr. West stated for clarification Salem is a subsidiary company rolling up to the holding company and  
15 the holding company had a subsidiary company that was an investment management company and it was the  
16 investment management company that was defrauded; Salem just happened to have custody of the assets for  
17 the product that was managed. He stated just to let you know about eight (8) years ago he had looked at this  
18 product but chose not to participate. He stated the investment company has been closed down but they are  
19 pledging to make the clients whole however long the process takes. Mr. Christiansen stated there is one (1)  
20 other issue with Salem explaining two (2) years ago Salem went through a software conversion from one  
21 software company SunGard to another company, Software Engineering Institute (SEI); that did not work out  
22 as they found they did not need that software so in 2013 they decided to go back to SunGard; it was a very  
23 bad transition where they had to do a lot of things manually in their office. He stated that caused Salem to get  
24 behind on the backup paperwork for all the transactions and there were some late statements. He stated  
25 ultimately Salem got through the transition and to his knowledge none of his clients lost any money as a  
26 result; everyone got paid but because of the failure to do the backup paperwork Salem had an operational  
27 audit that came in and audited their operations during that period of time which they failed. He stated Salem  
28 did a response and the next audit is June 30, 2015 that should be out by August and the Board should have  
29 received information from Salem regarding this issue. Ms. Spriggs stated there had been a couple of  
30 questions raised by the City's Auditors regarding the first Salem issue that Mr. Christiansen described but  
31 those issues had been addressed to the City's auditor's satisfaction. Mr. West recalled that was during the  
32 time the City was preparing the CAFR. Ms. Spriggs stated that she did not recall seeing anything regarding  
33 the discussion on the software transition but acknowledged she had postponed reconciling the yearend  
34 numbers due to there being some problems with the numbers and also the member statements were late  
35 during that time. She stated she spoke with Salem at that time and walked it through the process and she was  
36 able to reconcile the numbers. Mr. Christiansen stated Salem is about to finish the first year post transition  
37 and he has spoken with Salem's President and CEO Brad Rinsem. He stated Mr. Rinsem has made  
38 presentations to other Boards and he can come before this Board if you like to explain what went on and Mr.  
39 Rinsem feels the next audit will be clean. He suggested Ms. Spriggs could ask Salem to provide all the  
40 memos, etc. regarding the SSAE Report. Chairman Koczan asked that Ms. Spriggs also get the information  
41 that had to do the City's Auditor's questions during the City's audit. Ms. Spriggs stated she did find the  
42 information in her emails that she had mistook to be about the fund issue and she will forward it to the Board.  
43

44 Mr. Christiansen went over the things that are different in the Summary Plan Description and stated the  
45 Board Members can take it home and review it and if there are any questions he will answer them at a later  
46 time. He stated it does include the provisions from the ordinance that was adopted. It was noted that there  
47 were some typos and items that needed to be re-lettered or re-numbered and those corrections will be made.  
48 He asked the Board to go ahead and approve the document with the changes and he will go back and make  
49 the corrections and get it back to the Board.  
50

51 **Motion made by Ms. Deyette, seconded by Mr. Gizzi to approve the Summary Plan Description**

subject to the changes.

Motion carried with members present voting unanimously.

**C. Operating Rules and Procedures: Tabled**

**8. PLAN ATTORNEY REPORT: Given under Item 7B**

**9. PLAN ADMINISTRATOR REPORT:**

Ms. Spriggs reported there were four (4) members that had filed for DROP and there are a couple of members that are interested in the military buyback but only one (1) has started the process. Mr. Nabicht reminded the Board that anyone that is in DROP cannot vote in the election of the new Trustee and Ms. Spriggs stated she will remove their email addresses from the survey. Ms. Spriggs stated she had provided the notice to the Fire Department, they will self-nominate, once they self-nominate they have until May 3<sup>rd</sup> and then it goes out on SurveyMonkey for a week and we will have our new trustee. Ms. Helberg asked Ms. Spriggs if the requirements to be a Trustee had been explained and Ms. Spriggs replied "yes".

Ms. Spriggs left the meeting at 6:00 p.m.

**10. BOARD MEMBERS COMMENTS:**

Ms. Deyette commented everyone's reports were thorough and she enjoyed them.

Chairman Koczan thanked Ms. Deyette and Mr. Gizzi for attending the Deltona Volunteer Appreciation Luncheon this past Saturday. Mr. Gizzi suggested that not just the meeting hours be counted but also preparation time, conferences and training be counted.

**11. CONFIRMATION OF THE NEXT MEETING DATE, TIME AND LOCATION:**

The next meeting for the initial hearing was tentatively set for June 16<sup>th</sup> at 3:00 p.m. with Mr. Christiansen checking his schedule and letting the Board know -and the next Quarterly Meeting will be held on July 21<sup>st</sup>. Both meetings will be held in the 2<sup>nd</sup> Floor Conference Room.

**12. ADJOURNMENT:**

Motion was made by Ms. Deyette, seconded by Mr. Gizzi to adjourn the meeting.

Motion carried with members present voting unanimously.

Meeting adjourned at 6:09 p.m.

ATTEST:

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James Koczan, Chairman

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Janet Day, Deputy City Clerk